

Electronically Recorded

Tarrant County Texas

Official Public Records

1/14/2011 11:26 AM

D211011981

Mary Louise Garvin PAID UP PGS 7 \$40.00
OIL AND GAS LEASE

Electronically Recorded
Chesapeake Operating, Inc.

THIS AGREEMENT, made and entered into this 18th day of November, 2010, by and between the undersigned parties designated as Lessor on the signature page of this Lease (such parties are hereafter called "Lessor") and the undersigned parties designated as Lessee on the signature page of this Lease (such parties are hereafter called "Lessee").

1. **Grant of Interest/Description.** Lessor, in consideration of a cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee hereinafter contained, hereby grants, leases, and lets exclusively unto Lessee for the sole purpose of exploring for, drilling, operating, and producing oil and/or gas and of laying pipelines, temporarily storing oil, building tanks (but not tank farms), power stations, telephone lines, roads and structures thereon necessary to produce, save, care for, treat and transport the oil and/or gas produced from the land leased hereunder, the following described land situated in Tarrant County, State of Texas, (sometimes referred to hereinafter as the "leased premises") to wit:

See Exhibit "A" Attached.

This Lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. If any additional acreage is included in this Lease pursuant to the foregoing sentence, then such additional acreage shall be surveyed by Lessee and bonus shall be calculated and immediately paid as to said additional acreage on the same terms as it is calculated and paid for the land specifically described above. For the purposes of calculating any shut-in royalty payments as provided herein, the leased premises shall be deemed to contain 15.629 acres, unless more acreage is added pursuant to the above provision.

2. **Term.** Subject to the provisions hereinafter contained, this Lease shall be for a term of one (1) year from this date (called "primary term"), and so long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises or lands with which the leased premises are pooled pursuant to the provisions of this Lease, or operations are conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with this Lease.

3. **Retained Acreage Clause.** As used in this Lease, the term "horizontal well" will mean one that meets the definition of a "horizontal drain hole well" under statewide Rule 86 of the Texas Railroad Commission and a "vertical well" is a well that is not a horizontal well. At the end of the primary term, this Lease shall expire as to all acreage except for the number of acres hereinafter specified around each well then producing oil and/or gas in paying quantities unless operations are being conducted in accordance with the Continuous Development provision or the Cessation of Production provision below. This Lease shall be maintained by a vertical well to the extent of the minimum number of acres necessary to obtain the maximum allowable, or if maximum allowable is not able to be calculated, the minimum number of acres permitted for such well under the field rules or statewide rules as applicable. This Lease shall be maintained by a horizontal well to the extent of the minimum number of acres specified in the applicable field rules or statewide rules for vertical wells plus the additional acreage listed in the tables in Rule 86 of the Texas Railroad Commission. The additional acreage shall be in the form of a rectangle with the center line of the long dimension of the rectangle following the horizontal drain hole as nearly as practical.

It is contemplated that Lessee shall explore the Barnett-Shale formation underlying the leased premises. Notwithstanding anything contained herein to the contrary, the number of acres held under this Retained Acreage Clause for a vertical well producing from the Barnett-Shale formation shall be no more than forty (40) acres and the number of acres held by a horizontal well producing from the Barnett-Shale formation shall be no more than forty (40) acres plus the additional acreage specified in the table within Rule 86 for fields with a density rule of forty acres or less.

To the extent that any part of this Lease remains in effect, then Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease. Lessee shall not be required to remove or relocate any pipelines, tanks, separators, or other equipment or machinery used in connection with production on the portion of this Lease that remains in effect.

Upon the expiration of the Primary Term and the Continuous Development operations resulting in the partial termination of this Lease, the acreage assigned to each well shall be considered as if covered by a separate lease containing the same terms and provisions as stated herein, so that thereafter, each separate lease shall be kept in force and effect only by actual or constructive production from, or operations under, that particular tract (or pooled unit) without regard to production or drilling operations upon other tracts (or pooled units) retained by Lessee under the terms hereof. In addition, on the expiration of the Primary Term and Continuous Development Operations as to acreage preserved under this Lease, this Lease shall be preserved in effect as to that acreage only to depth from the surface to 100 feet below the deepest producing formation. In addition, at the expiration of the Primary Term and Continuous Development Operations but no sooner than two (2) years from the date of this Lease, this Lease shall be preserved in effect as to that acreage preserved hereunder only to a depth from 100 feet above to 100 feet below any producing formation but only so long as such formation continuously produces in paying quantities hereunder or is otherwise preserved under the terms of this lease.

4. **Continuous Development.** If, at the expiration of the Primary Term, Lessee is then engaged in drilling or other operations in an attempt to establish production in paying quantities from the leased premises, this Lease shall not terminate until there has elapsed more than 180 days between the completion of drilling or other operations on one well and the commencement of drilling on another well on the leased premises or on acreage pooled therewith. Failure to actually commence drilling or other operations on another well within the time period provided above will result in the termination of this Lease except to the extent maintained under the Retained Acreage Clause above. Continuous development operations as defined above shall maintain this Lease so long as such operations on each well are diligently prosecuted with no cessation of more than 180 consecutive days. The phrase "the completion of drilling or other operations" as used in this Section 4 shall mean (a) as to dry holes the earlier of (i) the date Lessee releases the drilling rig used to drill such well or (ii) the date such rig is moved off the location, and (b) as to producing wells the earlier of (i) 45 days after the date Lessee releases the drilling rig used to drill such well or (ii) the date Lessee has run casing and production casing or tubing and has perforated and/or fractured the well.

5. **Cessation of Production.** If, at the expiration of the primary term, oil and/or gas are being produced in paying quantities, but production thereafter ceases from any cause, this Lease shall not terminate as to the proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling within sixty (60) days thereafter, and such reworking or additional drilling is diligently prosecuted with no cessation of more than sixty (60) consecutive days, and production in paying quantities thereafter resumes.

Wherever used in this Lease the word "operations" shall mean operations for and any of the following: actual drilling, testing, completing, sidetracking, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas in paying quantities.

6. **Royalties.** As royalty, Lessee covenants and agrees:

A. **Oil** To deliver free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, twenty-seven and one-half percent (27-1/2%) of all oil and other liquid hydrocarbons (recovered or separated on the leased premises) produced and saved from the leased premises or lands pooled therewith; or, at the Lessor's option, which may be exercised from time to time, Lessee shall pay to Lessor the same percentage of the greater of (i) the market value at the point of sale for such oil and other liquid hydrocarbons of like grade and gravity prevailing in the area on the day such oil and other hydrocarbons are run from the lease stock tanks in the field, which means the general area in which the land covered by this Lease is located or (ii) the total amount realized by Lessee from the sale of such oil; provided however, there shall be no deduction from the value of Lessor's royalty by reason of any processing, treatment, trucking, transportation, compression or other cost to market such oil and other liquid hydrocarbons.

B. **Gas** To pay the Lessor:

i) On gas produced from the leased premises or lands pooled therewith which is processed in a processing plant in which Lessee or any parent or subsidiary of Lessee has a direct or indirect interest, Lessor shall receive the higher of a) twenty-seven and one-half percent (27-1/2%) of the market value of such gas at the inlet to the processing plant, b) twenty-seven and one-half percent (27-1/2%) of the market value of all processed liquids saved from said gas at the plant, plus twenty-seven and one-half percent (27-1/2%) of the market value of all residue gas at the point of sale, use or other disposition or c) twenty-seven and one-half percent (27-1/2%) of the total amount realized by Lessee from the sale of such processed liquids and residue gas at the point of sale.

ii) On gas produced from the leased premises or lands pooled therewith, which is processed in facilities other than a processing plant in which Lessee or any parent or subsidiary of Lessee has a direct or indirect interest, Lessor shall receive the greater of a) twenty-seven and one-half percent (27-1/2%) of the market value at the plant of all processed liquids credited to the account of Lessee and attributable to such gas, plus of the market value of all residue gas at the point of sale, use or other disposition, or b) twenty-seven and one-half percent (27-1/2%) of the total amount realized by Lessee from the sale of such processed liquids and residue gas at the point of sale.

iii) On all gas produced from the leased premises or lands pooled therewith, and sold by Lessee or used on or off the leased premises, but not including gas reinjected under a pressure maintenance program, and to which the preceding subparagraphs (i) and (ii) above do not apply, Lessor shall receive the greater of a) twenty-seven and one-half percent (27-1/2%) of the market value at the point of sale, use or other disposition of all such gas, or b) twenty-seven and one-half percent (27-1/2%) of the total amount realized by Lessee from the sale of such gas at the point of sale. On any gas paid for but not taken pursuant to a gas contract containing a take-or-pay clause or similar provision, Lessor shall receive its proportionate share of such payment; provided, however, if such gas is subsequently taken, Lessor shall only receive its proportionate share of any payments made for make-up gas taken pursuant to such take-or-pay clause or similar provision.

C. The market value of all gas shall be determined at the specified location and by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of all royalty under this Lease shall never be less than the total proceeds received by Lessee in connection with the sale, use or other disposition of oil or gas produced or sold from the leased premises. If Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, the proportionate part of such reimbursement amount shall be added to the total proceeds received by Lessee for purposes of this subsection. If Lessee realizes proceeds of production after deduction for any expenses of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage or marketing, then the proportionate part of such deductions shall be added to the total proceeds received by Lessee for purposes of this subparagraph.

D. Notwithstanding anything to the contrary, Lessor's royalty shall never bear, either directly or indirectly, any part of the costs or expenses of production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage or marketing of the oil or gas produced from the leased premises or lands pooled therewith, nor any part of the costs of construction, operation or depreciation of any plant or other facilities or equipment used in the handling of oil or gas produced from the leased premises or lands pooled therewith. All of such costs shall be considered costs of production and not post production costs. It is the intent of the parties that the provisions of this Section 6(D) are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997). Royalty shall be payable on all oil, gas and other products produced from the leased premises or lands pooled therewith and consumed by Lessee on the leased premises or lands pooled therewith.

E. If the gas produced from the leased premises is sold by Lessee pursuant to an arms-length contract with a purchaser which is not an affiliate of Lessee, and the contract provides for (i) net proceeds to be paid to Lessee which equal or exceed the market value of the gas at the point of delivery to such purchaser at the time such contract is entered into, and (ii) a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to such contract shall be the total proceeds received by Lessee in such sale, subject to the provisions of Subsection 6(C) above. "Affiliate" as herein used means (i) another corporation, joint venture, partnership, or other entity which owns more than ten percent (10%) of the outstanding voting securities or interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting securities or interest; or (ii) another corporation, joint venture, partnership, or other entity in which, together with Lessee, more than ten percent (10%) of the outstanding voting securities or interest of both Lessee and such other corporation, joint venture, partnership, or other entity are owned or controlled by the same persons or group of persons.

7. **Payment of Royalties.** With respect to each well on the leased premises or on land pooled therewith, initial royalty payments for oil and/or gas shall be made on or before the end of the third calendar month following the month of first production. Thereafter, all royalties which are required to be paid hereunder to Lessor shall be due and payable in the following manner: Royalty on oil shall be due and payable on or before the end of the first calendar month following the month of production, and royalty on gas shall be due and payable on or before the end of the second calendar month following the month of production. Each royalty payment shall be accompanied by a check stub, schedule, summary or remittance advice identifying the Lease and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas. A copy of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts shall be delivered to Lessor within thirty (30) days after entering into or making such contracts, agreements or amendments. The books, accounts and all other records pertaining to production, transportation, sale and marketing of oil or gas from the leased premises shall at any time during normal business hours be subject to inspection and examination by Lessor. If payments to be made by Lessee to Lessor are not made when due for whatever reason, the unpaid portion shall bear interest at the lower of (1) the prime rate as published by the Wall Street Journal in its "Money Rates" section plus 2%, or (2) the highest rate allowed by law. If Lessee is in default hereunder and this matter is turned over to an attorney for collection, or is collected by suit, Lessee agrees to pay all attorney fees incurred by Lessor. Payments may be remitted to Lessor annually for the aggregate of up to twelve months' accumulation of proceeds if the total amount owed is \$25.00 or less.

8. **Limitation to Oil and Gas.** This Lease is intended to cover only oil and gas, but some other substances (including helium and sulphur) may be produced necessarily with and incidental to the production of oil or gas from the leased premises; and, in such event, this Lease shall also cover all such other substances so produced. On all such substances so produced under and by virtue of the terms of this Lease, Lessor shall receive a royalty of twenty-seven and one-half percent (27-1/2%) of all such substances so produced and saved, same to be delivered to Lessor, free of all costs; or, at Lessor's election, Lessor's twenty-seven and one-half percent (27-1/2%) of such substances shall be sold by Lessee with Lessee's portion of such substances and at the same profit realized by Lessee for its portion of such substances.

9. **Gas Contracts.** Lessee agrees that it will not enter into any contracts for the sale of production from this Lease which shall extend more than three (3) years from the effective date of such contract, unless such contract has adequate provisions for redetermination of price at least every three (3) years to assure the production from this Lease is not being sold for less than the then current fair market value of the production being sold.

10. **Separation of Liquids.** All gas produced from the leased premises or lands pooled therewith shall, before the same is sold or used for any purpose or is transported from the leased premises or pooled unit, be passed through a mechanical separator system situated on the leased premises or on any lands pooled therewith, designed and operated to effect the maximum economical recovery of liquid hydrocarbons therefrom. All condensate, distillate, natural gasoline, kerosene, and all other liquid hydrocarbons and mixtures thereof produced with gas from the leased premises or lands pooled therewith and separated from such shall be considered oil for all purposes of Subsection 6(A) above.

11. **Right to Take Production in Kind.** Lessor shall always have the right, at any time and from time to time, upon reasonable written notice to Lessee, to take Lessor's share of oil, gas and processed liquids in kind. Lessor may elect to take Lessor's gas in kind at the well, or at the point of delivery where Lessee delivers Lessee's gas to any third party. If gas is processed, Lessor may elect to take Lessor's share of the residue gas attributable to production from the leased premises, at the same point of delivery where Lessee receives its share of residue gas or has its share of residue gas delivered to a third party. Lessor may elect to have its royalty share of processed liquids stored in tanks at the plant or delivered into pipelines on the same basis as Lessee's share of liquids is stored or delivered. Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in installing, operating or maintaining additional facilities necessary for Lessor's royalty gas and processed liquids to be separately metered, accounted for, and delivered to a third party, but Lessor shall not be charged for any expense in the production, gathering, dehydration, separation, compression, transportation, treatment, processing or storage of Lessor's share of gas and processed liquids along with Lessee's share of gas and processed liquids.

12. **Shut-in Payments.** While there is a well on the leased premises or lands pooled therewith capable of producing gas in paying quantities but the production thereof is shut-in, shut-down or suspended for lack of a market, available pipeline, or because of government restrictions or, if it is economically inadvisable for both the Lessor and Lessee to sell gas for a time as evidenced by a written agreement signed by both parties, then, and in any such event, Lessee may pay as shut-in royalty on or before ninety (90) days after the date on which (1) production from any such well is shut-in, shut-down or suspended; or (2) this Lease is no longer maintained by compliance with one of the other preservation provisions hereof, whichever is the later date, and thereafter at annual intervals the sum of Fifty Dollars (\$50.00) per net mineral acre per proration unit per well, or Five Thousand Dollars (\$5,000.00) per well whichever is greater, for each and every shut-in, shut-down or suspended well. If such payment is made in accordance with the terms hereof, this Lease shall not terminate, but shall continue in force for a period of one (1) year from the date of making such shut-in payment (subject to the exceptions set out hereafter) and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this Lease, it being understood and agreed that such payment shall be in lieu of and excuse the payment of the annual delay rentals which may have otherwise accrued and become payable under the terms and provisions hereof. Provided, however, in no event shall shut-in well payments maintain this Lease in force for a period exceeding two (2) years past the date of the first shut-in period, or two (2) years past

the primary term of this lease, whichever is longer. Any shut-in royalty payment shall not be a credit against production nor be credited with prior production royalty. In the event that production is begun or resumed during the year following the payment of a shut-in royalty payment and is subsequently shut-in, during such year the second annual shut-in payment shall be due and payable on the anniversary date of the first payment. If there is production on such first anniversary date and the well is subsequently shut-in, shut-down or suspended, then the second shut-in payment shall be made on or before ninety (90) days after such new shut-in date or the Lease shall terminate. Notwithstanding anything to the contrary set out above, should the shut-in period extend beyond the expiration of the primary term such shut-in provision will maintain the rights granted by this Lease only to the producing units and horizons of such gas well(s) as if they were producing gas in paying quantities pursuant to Section 2 above. Should such shut-in royalty payments not be made in a timely manner as provided for above, then, in that event, it shall be considered for all purposes that there is no production of gas from any such well or wells and, unless this Lease is being maintained by any other preservation provision hereof, this Lease shall terminate automatically at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all of its interest in and to this Lease as provided in Section 21. Notwithstanding anything to the contrary set out above, should Lessee be entitled to pay shut-in royalty payments on more than one well or unit on or pooled with this Lease, then Lessee's failure to make such shut-in royalty payment on one well or unit for which Lessee has not executed a release in accordance with the terms of Section 21 of this Lease, shall be deemed a failure to timely make all shut-in royalty payments permitted hereunder and this Lease shall automatically terminate except as to all or any portion of this Lease which is maintained by any other provision hereof.

13. Pooling. Lessee is hereby granted the limited right to pool or unitize the lands covered by this lease with any other land, lease, leases, mineral estates, or parts thereof for the production of oil, gas and constituents thereof covered hereby. All of the acreage covered by this lease shall be included within any pooled unit. If Lessee pools the acreage covered by this Lease within the primary term, Lessee must include all acreage originally covered by this Lease in the pooled unit. During the primary term, notwithstanding the right to release herein, Lessee is prohibited from releasing a portion of the acreage covered by this lease and including the remaining unleased portion of such acreage within a pooled unit. Units pooled for oil or gas shall conform in size to the acreage requirements described in Paragraph 3 of this Lease. Lessee shall file a Declaration of Pooled Unit in the county either before or after the completion of the well. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled in the unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the unit on an acreage basis bears to the total acreage so pooled in the particular unit involved.

14. Assignability. The rights of Lessor hereunder may be assigned in whole or in part and the provisions hereof shall extend to Lessor's heirs, executors, administrators, successors and assigns. Any assignment by Lessee shall require the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessor's consent to any assignment shall not constitute consent to any other assignment. Any assignment made without Lessor's consent shall be void and shall constitute a material breach of this Lease. Lessee shall furnish Lessor a copy of any assignment made pursuant to this section, with the recording data reflected thereon (if recorded). Assignment of this Lease or any part thereof shall not relieve Lessee, its assignees, or any subassignees of any obligations hereunder, theretofore accrued or to accrue in the future; and any assignee of Lessee shall, by acceptance of such assignment, be bound by all terms and provisions hereof. The term "assignment" as used herein, shall include, without limitation, any sublease, farmout, operating agreement, pooling agreement, unitization agreement, or any other agreement by which any share of the operating rights granted by this Lease are assigned or conveyed, or agreed to be assigned or conveyed, to any other party. If Lessee fails to furnish Lessor a copy of any assignment complying with the requirements of this section within thirty (30) days after Lessor's demand therefore, then Lessee shall pay Lessor an amount equal to Five Dollars (\$5) per acre per day for each acre of the leased premises that has been assigned, beginning with the 30th day after the date of Lessor's request and continuing until such assignment has been executed and delivered to Lessor. It is agreed that actual damages to Lessor for Lessee's failure to deliver such assignment are difficult to ascertain with any certainty, and that the payments herein provided are a reasonable estimate of such damages and shall be considered liquidated damages and not a penalty.

No change or division in ownership of the leased premises, rentals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, nor shall any such change or division be binding upon Lessee for any purpose until the person acquiring any interest has furnished Lessee with a copy of the instrument or instruments constituting his chain of title from Lessor. If Lessee or any assignee of a segregated part or parts hereof shall fail to comply with any provision of the lease, such default shall not affect this Lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall comply with all provisions hereof.

15. Duty to Develop. The drilling of a well or wells within the broad language of this Lease shall not be construed as an agreement or construction on the part of Lessor that such drilling would constitute reasonable development of the leased premises, and Lessee agrees to drill any and all wells on the leased premises, or such portion or portions thereof as may be in force from time to time, as may be necessary to reasonably explore and develop the same for the production of oil and gas. In the event a well or wells producing oil or gas should be brought in on adjacent land and draining the leased premises, Lessee agrees to drill such offset wells as a reasonable prudent operator would drill under the same or similar circumstances. If oil and/or gas are discovered on the land covered by this Lease, or on land pooled therewith, Lessee agrees to further develop said land covered by this Lease as a reasonable prudent operator would under the same or similar circumstances.

16. Damages and Restoration. N/A

17. Water. Lessee shall have no rights to water obtained from the leased premises without the prior written consent of Lessor. Lessor expressly retains all rights to water from the leased premises.

18. Title Opinions. Lessee shall deliver to Lessor a copy of any title opinions and any revisions or supplements thereto within thirty (30) days of receipt of same by Lessee.

19. Notifications Required. Lessee shall advise Lessor in writing of each well to be drilled upon the leased premises or on land pooled therewith on or before seven (7) days after commencement of operations, and shall advise Lessor in writing the date of completion and/or abandonment of each well drilled on the leased premises or on land pooled therewith (such notice shall include furnishing Lessor a copy of the applicable completion or plugging report filed with any governmental or regulatory agency) within thirty (30) days after completion or abandonment. As to any well drilled under the provisions of this Lease, Lessor, or Lessor's representatives, or any one or more of the same, shall have access to such well and upon request shall be furnished with copies of daily drilling reports. Such reports and information shall be furnished within seven (7) days after the same are obtained or compiled by Lessee. In addition, Lessee shall upon written request furnish Lessor within thirty (30) days from the date of the request or thirty (30) days from the date that the data is received by Lessee:

- A. Plats or maps showing the location of the well on this Lease or lands pooled therewith.
- B. The details of any drillstem tests taken in said well, and the results of any core analysis or analyses which shall be run on any cores taken while drilling said well.
- C. Upon commencement of any drilling or reworking operations on this Lease or lands pooled therewith with copies of all reports filed with the appropriate governmental authority or other governmental agency having jurisdiction in connection with such operation.
- D. Upon completion of any drilling or reworking operations on this Lease or lands pooled therewith, with copies of all logs run in such well and copies of core or other type of formation analysis subject to a confidentiality obligation on Lessor's part if filed as confidential with the appropriate governmental authority.
- E. A summary report, to be made annually on the anniversary date of this Lease and commencing upon the expiration of the primary term of this Lease, to include (1) lease number assigned by the appropriate governmental authority; (2) on the reporting date the number of producing wells and the number of wells not producing but not plugged; (3) the number of wells that were plugged during the previous twelve (12) months, and (4) a map denoting the location of each of these wells on the leased premises.

F. It is understood and agreed that all information provided Lessor herein is proprietary and is to be held in confidence. If Lessee fails to comply with any of the provisions of this Section 19, then Lessee shall pay Lessor an amount equal to fifty dollars (\$50.00) per day for each day such failure continues. It is agreed that actual damages to Lessor for Lessee's failure to comply with the provisions of this Section 19 are difficult to ascertain with any certainty, and that the payments herein provided are a reasonable estimate of such damages and shall be considered liquidated damages and not a penalty.

20. Force Majeure. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" shall mean: Any act of God including but not limited to storms, floods, washouts, landslides, and lightning; act of the public enemy; wars, blockades,

insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of Federal, State, Municipal or other governments or governmental officers or agents under the color of authority requiring, ordering or directing Lessee to cease drilling, reworking or producing operations; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. The term "force majeure" shall not include lack of markets for production or any other events affecting only the economic or financial aspects of drilling, development or production. For a period of sixty (60) days after termination of an event of force majeure, each and every provision of this Lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this Lease shall continue in full force. Notwithstanding any of the above, force majeure shall last no longer than three (3) cumulative years.

21. Releases Required. Within thirty (30) days after the partial termination of this Lease as provided under any of the terms and provisions of this Lease, Lessee shall deliver to Lessor a plat showing the production units designated by Lessee, copies of logs showing depths to be retained within each unit, and a fully executed, recordable release properly describing by metes and bounds the lands and depths to be retained by Lessee around each producing well. If this Lease terminates in its entirety, then Lessee shall deliver a complete, fully executed, recordable release to Lessor within thirty (30) days. If such release complies with the requirements of this section, Lessor shall record such release. If Lessee fails to deliver a release complying with the requirements of this section within thirty (30) days after Lessor's demand therefore, then Lessee shall pay Lessor an amount equal to Five Dollars (\$5.00) per acre per day for each acre of the leased premises that should have been released, beginning with the 30th day after the date of Lessor's request and continuing until such release has been executed and delivered to Lessor. It is agreed that actual damages to Lessor for Lessee's failure to deliver such release are difficult to ascertain with any certainty, and that the payments herein provided are a reasonable estimate of such damages and shall be considered liquidated damages and not a penalty. Furthermore, Lessor is hereby authorized to execute and file of record an affidavit stating that this Lease has expired and the reason therefor, and such affidavit shall constitute prima facie evidence of the expiration of this Lease or any part of this Lease.

22. Indemnification. Lessee, its successors and assigns, agrees to indemnify, defend and hold harmless the parties herein designated Lessor, and the owner of the surface estate, and each of them, from and against any and all claims, losses, liabilities, fines, costs, expenses (including attorneys fees and expenses) resulting from or arising out of or in connection with operations of or for Lessee, its agents, contractors, or subcontractors hereunder, regardless of the cause of such claims, losses, liabilities, fines, costs, or expenses. This provision and its indemnities shall survive the termination of this Lease and shall inure to the successor, heirs and assigns of Lessor and Lessee.

23. No Warranties of Title. This lease is made without warranties of any kind, either express or implied. Lessor agrees that Lessee, at its option after Lessee has given Lessor sixty (60) days' written notice, may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with right to enforce same, subject to any defenses of Lessor, and apply royalties accruing hereunder toward satisfying same.

24. Proportionate Reduction for less than Entire Interest. It is agreed that if Lessor owns an interest in oil and gas in and under any of the leased premises which is less than the entire oil and gas fee simple estate, then the royalties and all other benefits to accrue or to be paid to Lessor hereunder as to such lands shall each be reduced to the proportion thereof which the mineral fee estate of Lessor in such land bears to the entire mineral fee estate, provided that in no event shall there be any refund of any amounts previously paid to Lessor as bonus or delay rentals.

25. [DELETED]

26. Compliance with Environmental Laws and Regulations. Lessee, its successors and assigns, by its acceptance of this lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for, and agrees to indemnify, defend and hold harmless, Lessor from and against any loss, liability, claim, fine, expense cost (including attorneys fees and expenses) and cause of action caused by or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors from the land leased hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water. Additionally, upon receiving any notice regarding any environmental, pollution or contamination problem or violation of any law, rule or regulation, Lessee will forward a copy to Lessor by certified mail within thirty (30) days. This provision and its indemnities shall survive the termination of this Lease, and shall enture to the successors, heirs and assigns of Lessor and Lessee.

27. No Salt Water or Waste Injection Wells. Lessee shall not have the right to dispose of produced water on the leased premises without the written consent of Lessor.

28. Timely Plugging and Abandonment of Wells. Without the prior written consent of the Lessor, Lessee shall not allow any well located on the leased premises to remain in a shut-in, temporarily abandoned or otherwise non-productive state for a period of more than six (6) months from the date of last production or the time permitted by the rules and regulations of the applicable regulatory authority, whichever is less, without beginning plugging and abandonment operations with respect to the well and restoring the location, and providing that these procedures must be completed within two (2) months of their initiation. The only exception to this shall be gas wells capable of production which are shut-in pursuant to the provisions of Section 12 above regarding shut-in royalties, and for which shut-in payments are being made in accordance with those same provisions. Violations of this provision will be considered a material breach and will serve to terminate this lease as to the proration unit for wells not timely plugged.

29. Alteration/Modification. The terms of this Lease cannot be altered or amended except by a written instrument clearly demonstrating such purpose and effect, and executed by both parties to this Lease. The written instrument shall describe the specific terms or provisions being altered and the proposed modification or change thereto. Any notation or legend attached to a royalty check shall be null and void and without legal significance for the purpose of altering this Lease Agreement.

30. Division Orders. The terms of this lease may not be amended by any division order and the signing of a division order by any mineral owner may not be made a prerequisite to payment of royalty hereunder.

31. Ancillary Rights. Subject to Lessor's rights in Paragraph 35 below, Lessee shall have the right for a period of three (3) months following the expiration of this Lease or the release of any lands covered by this Lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. If Lessee fails to remove such property and fixtures, Lessor shall have the option to either claim the property, in whole or in part, as his own or have the said properties and fixtures removed, in whole or in part, at Lessee's expense. If the property is opted to be removed, additional expenses for surface and subsurface damages and restoring the land shall be charged to Lessee, provided, however, Lessee shall not be relieved of its liability to plug any well so abandoned.

32. [DELETED]

33. Split Stream Contracts. In the event that gas produced under the terms of this lease is sold under multiple gas purchase contracts, "split stream contracts," Lessor, at its option, may require that all Lessees who are selling gas produced under the terms of this lease designate a single Lessee to pay all royalties due to Lessor under this lease.

34. Most Favored Nation. [Deleted]

35. Surface Rights. Notwithstanding the foregoing, Lessor retains all rights to the surface, and Lessee shall have absolutely no right to use or enter any part of the surface of the leased premises.

36. Compliance with the Railroad Commission Regulations. Lessee's operations on the leased premises shall comply with all regulations and requirements of the Texas Railroad Commission or any successor governmental agency as well as the City of Fort Worth Drilling Ordinance. Such compliance is a condition to the continued existence of this Lease. Lessor may, in its sole option, terminate this Lease if Lessee does not remedy any violations of the Railroad Commission regulations or requirements within thirty (30) days after receiving a written notice from Lessor specifying in detail each regulation or requirement being violated by Lessee.

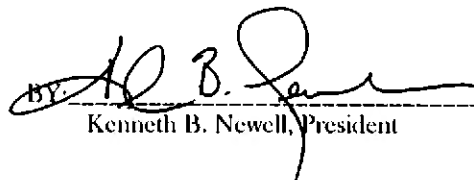
37. Default. If Lessee is in default of any obligation under this Lease, Lessor may choose to give Lessee written notice specifying in detail each such default. Lessor may choose to cure Lessee's default at the expense of Lessee. If Lessor elects to cure Lessee's default hereunder, Lessor shall notify Lessee in writing describing in detail each such default and the costs incurred by Lessor in curing such defaults. If Lessee has not cured all defaults of this Lease within thirty (30) days of receiving written notice of same from Lessor, or if Lessee has not reimbursed Lessor for all amounts incurred by Lessor in curing Lessee's default within thirty (30) days of receiving written notice of same, Lessor may, at its option, terminate this Lease. Lessor's election to terminate this Lease will not relieve Lessee of its obligations under this Lease.

38. **Lien.** Lessor shall have and hereby reserves a lien on the leasehold estate created by this Lease and the production from this Lease to secure the payment of all royalties and other payments and benefits due and payable to Lessor and to secure the performance of all of the obligations of the Lessee under this Lease.

39. **Minimum Royalty.** During any calendar year after the expiration of the primary term, Lessee shall pay Lessor a minimum royalty of \$5,000.00 per well per year under this lease. Such minimum royalty shall not be reduced by any shut-in royalties paid during such calendar year. During any calendar year in which the actual royalties paid Lessor are less than \$5,000.00 on any well, Lessee shall pay Lessor the difference between \$5,000.00 and those royalties paid that year on that well, which payment shall be made to Lessor on the last day of such calendar year.

LESSOR:

BLUECREEK, INC.
P.O. Box 185104
Fort Worth, Texas 76181

By: 
Kenneth B. Newell, President

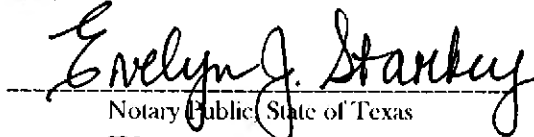
LESSEE:

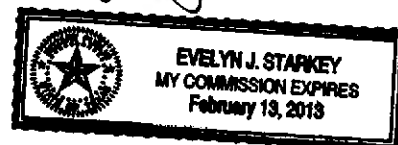
CHESAPEAKE EXPLORATION, L.L.C.
P.O. Box 18406
Oklahoma City, OK 73154-0496

By: _____
Name: _____
Its: _____

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me this 23rd day of November, 2010, by Kenneth B. Newell as President of Bluecreek, Inc.


Notary Public, State of Texas



STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me this _____ day of _____, 2010, by _____, _____ of Chesapeake Exploration, L.L.C., on behalf of said limited liability company.

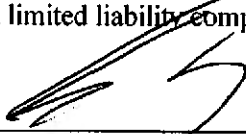
Notary Public, State of Texas

F:\Documents\Newell\2d Bluecreek-Chesapeake lease.doc

SEE ATTACHED

LESSEE:

Chesapeake Exploration, L.L.C.,
an Oklahoma limited liability company

By: 
Henry J. Hood, Senior Vice President -
Land and Legal & General Counsel

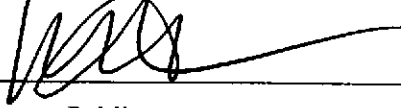
on
OK
JHM

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
) §
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on this 7 day of January, 2016, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company, on behalf of said limited liability company.





Notary Public

BLUECREEK INC.

Being 15.629 acres of land located in the William C. Trimble Survey, Abstract No. 1521, Tarrant County, Texas, being the tracts of land described as Tract II-A and Tract II-B in the deed to Bluecreek Inc., recorded in Volume 11771, Page 237, Deed Records, Tarrant County, Texas and that portion of Interstate Loop I-820 located adjoining to said Tract II-A and Tract II-B. Said 15.636 acres of land being more particularly described as follows:

BEGINNING at a 5/8" iron rod stamped "ANA" found at the northwest corner of said Tract II-A;

THENCE N82°42'06"E, a distance of 417.40 feet to an 1/2" iron rod stamped "Pacheco Koch" found at the most northerly northeast corner of said Tract II-A, said iron rod lying in the west line of a tract of land described as Tract #3 in the deed to Newell & Newell Real Estate, recorded in Volume 8046, Page 979, Deed Records, Tarrant County, Texas;

THENCE S00°34'06"W, a distance of 340.00 feet to an 1/2" iron rod found at the southwest corner of said Tract #3;

THENCE S89°33'54"E, a distance of 262.50 feet to a point at the most southerly northeast corner of said Tract II-A, said point lying in the west right-of-way of said Interstate Loop I-820;

THENCE S89°29'21"E, a distance of 175.12 feet to a point lying in the apparent centerline of said Interstate Loop I-820;

THENCE S00°30'39"W, along said Interstate Loop I-820 centerline, a distance of 36.95 feet to a point;

THENCE S89°56'04"E, at 175.00 feet passing a point at the northwest corner of said Tract II-B, in all a distance of 556.87 feet to a point at the east corner of said Tract II-B, said point lying in the apparent centerline of the West Fork of the Trinity River;

THENCE S59°27'14"W, along the southeast line of said Tract II-B and said Trinity River centerline, a distance of 448.25 feet to a point at the south corner of said Tract II-B;

THENCE N89°29'21"W, a distance of 172.86 feet to a point lying in said Interstate Loop I-820 centerline;

THENCE S00°30'39"W, along said Interstate Loop I-820 centerline, a distance of 203.73 feet to a point;

THENCE N89°29'21"W, a distance of 174.50 feet to a point at the southeast corner of said Tract II-A, said point lying in said West Fork of the Trinity River centerline;

THENCE along said West Fork of the Trinity River centerline and the south line of said Tract II-A as follows:

1. S69°03'06"W, a distance of 256.00 feet to a point;
2. S62°22'06"W, a distance of 427.00 feet to a point;
3. S72°32'06"W, a distance of 2.37 feet to a point;

THENCE N02°36'01"W, a distance of 222.47 feet to a point;

THENCE N02°46'02"W, at 77.66 feet passing a 5/8" iron rod found, in all a distance of 825.53 feet to the point of beginning, containing 15.629 acres of land.

The bearings recited hereon are oriented to NAD27 Texas North Central Zone.

Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154